UNITED NATIONS

ECONOMIC AND SOCIAL COUNCIL

Distr.
GENERAL

ST/ECA/HUS/2

21 August 1981

Original: ENGLISH

ECONOMIC COMMISSION FOR AFRICA

Final Preparatory Meeting for
SHELTER-AFRIQUE
Arusha, Tanzania

31 August - 4 September 1981

SHELTER:

HOUSING THE LOW INCOME GROUP IN AFRICA*

* Also issued by the African Development Bank as document ADB/SA/81/6.

Introduction

1. The lack of investment and the paucity of management in shelter programmes are evidence of social degradation and environmental squalor, verging in many African countries on the deprivation of human dignity. For example, the United Nations guideline for ten dwellings per 1000 inhabitants is an illusive target when it is recalled that most African countries barely manage to build two houses per 1000 inhabitants.

2. It is estimated that generally in African cities more than half of the population lives in slums and squatter settlements between one-fourth and one-third of the population in these countries have no access to safe water supply and no facilities for waste disposal. The high concentration and visible deficiencies of shelter and related facilities makes this sector one of the most urgent problems facing developing countries of Africa in their demographic and economic 'transition' period.

3. Many African countries have been committed to tackling this problem by bulldozing the slums with the unfortunate result of reducing the housing stock. However, a more enlightened view now prevails. It is generally recognized that housing shortages, over-crowding, inadequate public health facilities, sanitation and lack of infrastructures coupled with accelerating land price increases have resulted from the failure of supply and management of land, services and shelter to expand in tandem with the rapid increases in housing needs.

4. The upgrading approach has gained cognisance in many member States. It is recognized that displacement merely shifts the shelter burden to other areas. Instead, the slum and squatter settlements are being brought up to minimal public health standards and provided with the infrastructure base that will permit the residents, with some assistance from relevant authorities, to construct for themselves an adequate neighbourhood over time.

5. Decision makers and planners have repeatedly put their faith in massive injections of capital for funding housing projects but it is worth noting that the effectiveness of such investments will depend on many factors, *inter alia* the absorptive capacity and preparedness of the institutional organization in the country. Indeed, shelter development is as much a function of administrative and organizational structures, judicious physical planning and land management as of unlimited availability of funds.

6. Development of shelter is unlikely to take place on the corresponding scale of the problem without deliberate policies, deliberate planning and the design of specific mechanisms to promote them. These will include more intensive evaluation of local resources (both material and human) more realistic and intensive measures for the development of skilled manpower and mobilization of the population in organized labour pools as well as for effective control over imported technology and its adaptation to local construction and building materials industries.

7. It is not obvious, either, that indiscriminate adoption of prefabricated or highly mechanized methods of construction produced under licence and imported factor inputs from the country of origin will, by itself, do what earlier policies of imported building standards, management and funding institutions have failed to do. It is not, therefore, unreasonable to believe that conventional theories, policies and instruments of shelter development are not working well and that new concepts and innovative approaches are urgently required in giving assistance to low income housing the poor.

8. In this pursuit, "SHELTER-AFRIQUE" would be in the unique position of mobilizing both finance and technical expertise, domestically and externally. Its links with member States and specialized agencies and institutions would stimulate, directly or indirectly, the search for and adoption of new approaches to housing development particularly relevant to the African social, cultural and political realities.

Territorial planning

9. Increases in the rural population accounting for over 75 per cent of the population are likely, in the absence of far reaching measures for transforming the socio-economic system (in particular rural areas), to lead, in time, to increased migration to a few large urban centres, thus adding to the problems of marginal groups in these centres and of the spatial deployment of available development resources. On the other hand, the generally low densities and uneven concentration patterns of population suggest that the cost of infrastructure for rural development may be high per unit of area. This makes the subject of regional (subnational) planning a matter of greater importance than in the past.

10. Greater national and international effort should, therefore, be directed on further improvement of data collection including vital statistics, the proper analysis of such data, in-depth studies of the intricate relationship between population and economic and social patterns of development and the exploitation of natural resources and an industrial base. Also important will be the development of policies related to the spatial distribution of activities over the territory. Within this context a comprehensive housing policy should be formulated in tune with the aspirations and development needs of each country and implemented as integral parts of national development plans. The attainment of these objectives will be greatly enhanced by promoting greater economic and technical co-operation among countries and international organizations.

11. The transformation of the rural drift as part of the overall strategy of development will require a reduction of the flow of migrants to a few large towns and cities. It is therefore envisaged that a deliberate programme aimed at promoting a network of rural development focal points should be conceived partly to divert from and arrest the flow to large agglomerations, partly to act as relay centres for transmitting new techniques and economic growth to the rural hinterland partly to generate the type of urban and semi-urban employment associated with rural industrialization.

12. There is, therefore, the need for each African country to formulate a coherent and comprehensive urbanization policy within the framework of national development planning and housing policy. Such policies will provide the basis for efficient physical planning of each country in which the interdependence of urban and rural areas will be emphasized. In essence, a national urbanization policy would introduce a spatial dimension into each country's plans for social and economic development. The policy must be based on the realisation of the crucial role of urban centres and their associated infrastructures and housing in generating development within a given region. It follows, therefore, that such an urbanization policy should be regarded as part of a broader conception of regional economic planning strategy.

13. In this context, developing countries should remember that in the light of ever increasing costs of commercial fuel energy used by conventional transportation systems accounts for over 40 per cent of total energy use. Development economists and planners argue that the most significant relationships between energy use, the environment, development patterns and the function of human settlements are to be found in the transportation system. In many ways, the availability and cost of transportation routes, modes and services largely determine the different locational patterns of the various land-use activities in settlements. Along with, and in response to, the geographic distribution of natural resources, they also have a great influence in determining a country's nationwide locational pattern of primaary activiti (agriculture, mining and other raw materials extraction activities) and secondary activities (manufacturing processing of raw and semi-processed materials). These patterns, in turn, determine the location and relative size of the country's network of settlements.

14. The new strategy for African development recognizes the need for an integrated rural and urban development approach as a vital component of a self-reliant and self-sustained development process. "SHELTER-AFRIQUE" would play a catalystic role in establishing a co-operation mechanism with regional and international organizations for the planning and implementation of the locus of development explicit in the Lagos Plan of Action.

Local land use planning

15. Human settlements, because it accommodates human activities and promotes interacting social and economic forces has the inherent dimension as a dynamic component of the overall regional and national network of development of focal points. The development of human settlements involves the modification of and addition to, physical infrastructures in order to fit the role which they have been assigned in the regional plan. In practice, physical infrastructures including transportation networks, communications, shelter, water supply, industrial and waste disposal and electric power and its distribution as well as the institutional framework for their implementation and maintenance should be conceived in function of social and economic aspirations of a nation. It follows therefore that, in the conception of a local development plan the regional and national priorities should be reflected and safeguarded throughout its study process. To this end, corridors of opportunities and interacting land uses for industrial, agricultural, commercial, transport and communications and recreational purposes should be earmarked as of regional importance. In the final analysis, the local development

plan should be conceived from and integrated into, the overall regional development plan in terms of physical development and policies including housing policy. However, in view of the time frame of development it is inconceivable that land should be earmarked and set aside for a regional project that may be programmed for twenty years hence. The built environment should be treated as a living organism and therefore reflect the capacity for change and progress of a given society. This element of flexibility in the planning process should incorporate sound practice of land management with an anticipation of future or projected land uses.

16. Since a few urban centres in most African countries are the poles of attraction for a large number of migrants from the rural areas, the pressure on land in those centres has been translated into high land values. Indeed, some urban land markets are characterized by high prices of land which it is often thought stems solely from land speculation, and hence the difficulty encountered by public authorities to make land available to the poor and the needy. However, and ex-post analysis of this situation points to the rigid framework within which these plans were conceived and which constitutes a major obstacle in accommodating pressing and even changing urban land use patterns. In the light of the foregoing it is acknowledged that enlightened policies of land management are needed. Appropriate policies such as betterment levy, forward buying of land, instituting land development corporations, taxation on underutilized or unused land plots, the prescribed densities of residential plots and above all, the judicious management of land availability for development through projected demand and need should be institutionalized as a matter of urgency.

17. However, establishing affordable standards for land plots should take into account the need for eventual modernization and expansion of the shelter unit as well as provide rental accommodation along with the main shelter unit. This is important in some countries as an income supplement and a way to reach segments of the urban poor who cannot be directly helped by affordable housing programmes, transients without families, and people in the lowest income percentiles unable to qualify for long-term financing. These groups have traditionally rented rooms or spaces in squatter areas; it is, therefore, appropriate to encourage such practices in more regularized settlements.

18. At the local development plan level, an integrated, pluridisciplinary approach is needed, taking into account the spatial and physical interaction between characteristics of population, resources, services, transport and communication, energy, environment and development. There is, therefore, need to broaden the past orientation of shelter schemes by placing greater emphasis on a coherent and viable land use distribution, development and investment programmes together with the provision of services and infrastructures to the various functional sectors such as industry, commerce, health, education and residential areas.

19. These developments could be accelerated by the establishment of specialized departments responsible for the purpose of physical planning and development, the purchase and utilization of poorly developed or blighted areas, the construction of shelter within an overall development plan and the creation and reorganization of associated activities and services such as commercial or recreational facilities.

It should however be remembered at this stage that the rigidity of area plans in the past has often thwarted the initiatives of local residents to provide their own facilities such as corner shops, playgrounds, small workshops for car repairs and local artisans. These facilities, provided locally, could in many cases help to bring down prices and help to build a community.

20. Another delicate aspect of local development plan concerns the optimal size of land plots. In some countries it is estimated that 500 sq.m is desirable whereas in many instances 300 sq.m has been allocated. The case for detached housing units rests on the assumption that size of plots should be large enough to provide a household with reasonable supply of vegetables and the amenity of a private garden. However it should be recalled that such policies could increase the costs of infrastructures and affect the provision of public utilities adversely. In addition detached housing units are more costly to achieve since they do not make use of party walls as in the case of terrace housing or similar conception of housing layout which in any case could be conceived to provide privacy and space for gardening. In the latter concept a more compact development is possible which in many cases is more compatible and acceptable to the social habit of neighbourliness often highlighted in social and behavioural studies of the preferred pattern of living conditions in African settlements.

Site Layout

21. The choice of sites, in many cases, is a crucial factor in the implementation of housing projects. It is worthy of note that the responsibility of providing housing extends beyond the construction of a structure since, location of employment opportunities in relation to labour availability could render transport cost for journey to work prohibitive. It is estimated that in some cases the location of housing development on the outskirt of cities has resulted in disproportionate percentage of income being spent on travel. Reportedly, 30 per cent has been quoted, in many instances. Similarly consideration should be given to the location of housing in relation to services and public utilities such as shopping, school, dispensary, play space and generally to land uses that are of vital importance to the daily life of the inhabitants. In this respect, some flexibility in mixed land uses could be envisaged. Analysis of this situation points to the rigid framework within which these plans were conceived as a major obstacle to accommodating pressing and ever changing land use patterns. In the light of which it is acknowledged that policies of land development are needed rather than the rigid approach of zoning for the plan period.

22. Often the practice of blanket zoning of land use precludes the integration of other land uses such as shopping, artisan workshops and other generators of employment in the residential neighbourhood. This policy has been designed and adopted mainly in countries with high level of car ownership and mobility. however, since this is not the case in most African countries the accessibility of services by foot should be considered while some monitoring of the process of development could be devised for regulating construction and land use activities in residential areas which otherwise could degenerate in environmental blight.

23. The responsibility of a technical service should, therefore be engaged from the outset in design and conception of layout, the provision of infrastructures and public utilities as well as the management of land and finance in the day-to-day running of a housing estate.

24. The physical characteristics of a proposed site could often be a deteriment factor in the implementation of a shelter project. Sites with steep gradients could increase the cost of construction substantially. The provision of infrastructures and public utilities could also be affected adversely. The design of shelter projects on sloping grounds necessitate detail studies of ground water drainage terracing or special layout consideration as well as the cost of foundations to the structures. Similarly, sites liable to flooding should be studied in the overall context of area development, which could indicate appropriate land use for such sites. The sub-soil could often frustrate development since it affects the provision of foundation and underground services. These would suggest that site investigation and planning analyses need to be carried out at the very outset of a shelter project.

Shelter design

25. It is argued that the most efficacious method of housing the low-income groups is to provide them with a minimum structure, "core-housing" equipped with the minimum of infrastructures and services. Some form of group activity commends itself, as well may be, in the implementation of such projects. However, the organization of group activities in co-operative housing association is administratively manageable and financially sound. This objective could be achieved within the parameters of sensible design which allows for addition to and modification of the "core-structure", as well as the utilization of local building materials and techniques of construction which could be easily handled by the beneficiaries, given a minimum of training, and for the informal construction sector under the supervision or participation of technical assistance provided for, by the local authorities or the district and national co-operative organization.

26. It is, therefore, important to base design of shelter projects upon a repetition of a limited key elements of construction in order to familiarize participants with the construction process. Some degree of standardization in the design concept and building process is inevitable. Thus, standardization is recommended as a means to rationalize and streamline the construction process while, facilitating the training of participants. The basic principle of standardization rests on repetition on planning, in the use of technology in the supervision and erection of the structure. The use of basic standardized components such as lintels, blocks, door and window frames etc. does not necessarily imply standard building involving the manufacture of large panels or box units which are often associated with pre-fabrication methods produced under licence. However, it is not excluded that specialized agencies or municipalities could not produce prototypes based on simple design concept from which local co-operative could choose from or even provide participants with on-site training for the construction of prototypes.

Institutional framework

27. Perhaps the greatest challenge of our post independence time is to find innovative organizational structures which would suit the cultural heritage of our nations, conducive to releasing the phenomenal potential of development of the African Continent. Experience in the African region and elsewhere in the world has found it necessary to break away from reliance on the existing institutions simply because they did not reach, for a variety of reasons, the target groups of lower income households. The traditional housing finance institutions are generally oriented to serving individuals in the formal sector of the economy and have not had any significant impact on housing the lower-income self-employed, agricultural and seasonal workers as well as the casually employed. As stated by Salah El Shanks, "..... it is not for lack of resources or technical ability, but rather for our ingenuity in misusing and mis-allocating these resources. We have not been able to cope with the shelter crisis because of our inability, or even resistance, to change and adapt our institutions, our approaches, and our values to an ever changing dynamic situation." Indeed, governments of member States are beginning to realize that a carefully planned application of public funds can induce a much higher level of domestic capacity for the provision of shelter in the private sector, when it is used for leverage rather than for immediate consumption in full service housing projects.

28. The classic case of direct government intervention is the production of completed housing units which are sold or rented, with little or no recovery cost to the government. The burden of continuing support to such programmes increases significantly with inflation and rising demands, individual initiative is discouraged due to the paternalism of the system and generally units intended for low income households are occupied by middle-income households who cannot acquire a housing unit of equal standard in the market at the same price. The general conclusion is that direct government production alternative should be utilized sparingly and its implication on housing policy should be carefully studied.

29. The need to improve management capabilities and financial resources, project execution and project operation in developing countries has been fully recognized in several studies conducted by national and international agencies. Some of the most critical problems identified in this field concern the lack of adequate planning and programming processes by which priorities can be correctly established and continuity of programme implementation guaranteed. In most developing countries, raising the creditworthiness of local authorities or specialized agencies for the implementation of shelter programmes and associated infrastructures implied that their administrative capabilities and absorptive capacities have to be improved. The shortage of qualified personnel called for training in management and planning as well as the pooling of resources. Indeed, without such action directed at rural areas it is difficult to envisage the improvement in administrative competence and creditworthiness that is a necessary precondition of the effective utilization of resources.

30. "SHELTER-AFRIQUE" could be expected to make major contributions in assisting member States in the preparation of realistic housing policies and in strengthening or establishing appropriate mechanisms for the implementation of shelter programmes. Importantly, "SHELTER-AFRIQUE" in tandem with other organizations could search and plan alternative approaches to generating housing funds and providing new mechanisms for mortgage lending or contract housing scheme savings tied to guaranteed mortgage. In so doing, the level of organized monetary resources both domestically and externally would be higher, without which governments will not have the latitude to exercise discriminating selection in housing policy.

31. Concerted efforts should be directed to rural areas because they suffer from isolation from the Centre and have very limited access, if any, to national capital markets or foreign assistance. In the least developed countries such problems are particularly acute. Indeed, most development agencies dealt almost exclusively with larger cities and did not take into account particular problems of smaller rural towns. However, it has been recognized that the pressure on metropolitan areas would be eased if Governments managed to keep the population in rural areas. This might mean that considerably more investment and resources would have to be directed towards rural areas, not only for the creation of employment opportunities but also for the improvement of living conditions in the smaller towns and rural areas themselves.

32. Experience clearly indicates that, central governments were often not even aware of many minor projects such as urban infrastructure projects in small market towns which might be of considerable socio-economic importance locally. Yet it was precisely those projects which in many cases could be the key to rural development. However, it is argued that international finance institutions often had difficulties in finding an appropriate agency in the developing country as a counterpart through which investment funds could be channelled. Local authorities did not as a rule have the necessary capacity for management of funds and know-how, which meant that the need for some kind of financial intermediary was even greater.

33. In the event, the need for the extension of the activities and operations of existing institutions either through creation of specialized departments or the formation of new subsidiary companies for the purpose of financing and management of funds and monitoring shelter projects, is very real. Besides providing the basic financing and management capabilities it is also necessary to provide the technical services. It is not conceivable that fees amounting to 15 per cent for each shelter project could be paid out to architectural quantity surveying and engineering services Hence a technical service for national organizations should be envisaged and the cost may well be borne by national governments or on a shared-cost basis for a number of projects. It would be envisaged that in the longer term perspective "SHELTER-AFRIQUE" will develop the capacity for assisting member States in developing aid in some instances, to provide the necessary technical services.

34. Basically, those services normally would include site selection, land acquisitio physical planning and design, general contracting and construction, financial planning, construction inspection and control, legal services, promotion of savings programmes, education and training, mobilization and organization of the population.

In addition project management should include: general management accounting and book-keeping maintenance auditing social aspects of community development and resales of housing units.

35. Along with the need for administrative and organizational structures in the implementation of projects it is vital to make adequate provision for estate management and maintenance of projects after completion. Estate management in its traditional form can be very onerous certainly beyond the means of occupants of low cost housing. Similarly, the construction design and materials used could hardly be expected to have a life expectancy of 25 years or more without constant maintenance and planned repairs for major components. It is therefore, essential to devise ways and means for the full participation of residents in these operations for the maintenance and management of their estate including rent collection, sale of units, cash flow, provident funds for repairs, landscaping etc..

36. The promotion of local or national enterprises specializing in specific fields such as the local construction sector and the production of local construction materials would provide employment, accelerate the search for new technologies and produce new materials. These developments might also create upstream industries that would provide materials needed for the production of construction elements such as blocks, lintels and door- and window-frames.

37. Future functions of "SHELTER AFRIQUE" could include assisting member States in developing novel approaches to housing institutions through transfer and adaptation of well tried mechanisms and in initiating and participating in pilot or model housing schemes. More importantly perhaps, are the training aspects of these schemes which could in this process of development produce the qualified personnel upon whom the success of future plans may rest.

38. In these respects, "SHELTER-AFRIQUE" should assume a lead role in advising and promoting appropriate financial and technical mechanisms for the implementation of low-cost housing in member States. It should be for the implementation of low-cost housing in member States. It should be recalled that 'SHELTER AFRIQUE" is, indeed, conceived as an instrument for assisting African governments with the elaboration of coherent and effective housing policies, and with their implementation through financial support for national housing institutions directed at approved projects of benefit to the appropriate target groups. In addition, SHELTER AFRIQUE" would be in a position to mobilize technical assistance and other resource from regional organizations such as the ECA and other agencies of the United Nations.

Provision of infrastructures and services

39. Although the shortage of shelter is staggering, in most developing countries of Africa, even more crucial is the shortage of basic infrastructure and services necessary to serve human needs, e.g. water supply and sewage disposal and to develop human capital, e.g. education and health. The provision of infrastructures and services usually is the responsibility of regional, subnational and local governments. The financing and management of services with mainly local benefits (as opposed to nationwide) and the methods of financing these services, have received little attention. Yet these services may be the very key of appropriate strategies. The dominant role of infrastructures and their judicious programming

has been emphasized by the ever increasing number of site-and-service and core-housing schemes. While it is not unreasonable to expect families to build some kind of housing structure for themselves, through self-help schemes or the informal construction sector, they could not individually cope with their basic needs in respect of water supply and waste disposal services, for example, most of the burden must therefore be assumed by the public authorities responsible for building, maintaining and operating human settlements.

40. The proper assignment of expenditure responsibility and taxing powers among levels of government is one of the most topical issues in the field of public finance. The conclusion reached by most studies is that there is no "best" way to arrange the provision and financing of public services, since both centralization and decentralization have marked advantages and disadvantages. These advantages and disadvantages have been weighed and have resulted in government structures that give full responsibilities for services whose benefits are spread nationwide e.g. national transportation system, electricity grid distribution network etc. to national agencies or departments while for local public services the responsibility of decision and finance may rest with any level of government, the financing may be from local resources or grants from higher levels of governments, and a variety of executing bodies including parastatal and private institutions could be involved. A properly functioning intergovernmental arrangement is crucial to the financing, planning and implementation of human settlements projects. In considering whether or how to channel more resources to the provision of local services, the central government's approach to financing is at issue. With regard to the management of such services, the broad issue is the choice of the methods by which the central government's powers and responsibilities are administratively and financially delegated to lower levels of government or specialized institutions.

41. Even though some facilities and services may be programmed for long term implementation, land area should be set aside at the outset and sites protected from the outset. For example, ultimate service roads and footpath systems should be designed in advance and right-of-way designated along with sites for such service facilities as schools, health centres and recreational areas.

42. "SHELTER-AFRIQUE" would contribute both directly and indirectly to integrated shelter programmes in the provision of infrastructures and services. Its direct contribution would include the co-ordination of expertise and fundings from other organizations derived directly from its privileged relationship with those organizations whereas indirectly the financing of shelter from external resources would release funds domestically which could be made available by governments for the provision of infrastructures.

Affordability and replicability

43. Housing policy must be based upon what the national economy and what those to be housed can afford. The income of the target group is the starting point for housing policy. Design standards, building codes and planning regulations must all be tailored to that basic fact. Deviation from the basic tenet of affordability and cost recovery meant large public subsidies and in many instances, exclusion of the poor from housing. Financial replicability, affordability and cost recovery were fundamental issues in the implementation of a housing policy.

44. The main problem restricting improved shelter in developing countries was that the imported method of construction and building materials as well as design standards pushed up the housing cost well beyond the reach of the low income group. The proportion of the population unable to afford the cheapest standard housing currently available in African countries ranged between 30 to 70 per cent.

As a result, the poor people who could not afford a standard house, continued to expand the uncontrolled squatter settlements and slums. The "Shell" or 'Core' house offered a reasonable alternative to poor families who could move in a shelter equipped for their basic needs, which they were able to afford and improve with their cumulative savings over the years. In designing basic policies for housing the poor the fundamental question of how best to take advantage of that invaluable human resource and match it against the limited available resources of society should be analyzed.

45. In essence, the fundamental requirements of policies strategies for shelter programmes are that they identify particular target groups, evaluate their needs, problems and potential for improvement and ensure that the resources allocated to them actually reach them. The main objective is to place these groups in a position where they can identify and use shelter projects and benefit substantially from such use.

46. The development process of the local level also requires institutions for effective participation which make possible reduction in construction cost and the training of beneficiaries to operate and maintain their shelter communally.

47. The pursuit of a strategy for housing the poorer section of the population will require a change in direction from subsidising the middle and upper-income group to subsidising the needy. In order to reduce subsidies to a minimum greater throught should be given to "core-houses" and sites-and-services schemes. However in some cases subsidies were rarely possible to avoid if a project was to be successful, for example: education and training in the development of human capital in the execution of shelter projects, land as a national patrimony and capital in the development of infrastructures, however, subsidies in the form of reduced interest rates for example should be treated with care since it can often be self-defeating as lower interest rates resulted in reduced funds flowing into housing. It is worth noting that subsidizing interest rates could prove very onerous and difficult to budget for.

48. "SHELTER-AFRIQUE" in its longer range functions could generate new approaches to housing, especially in the reduction of construction cost and acting as a catalyst between low cost housing schemes of governments and organizations providing soft loans as well as the development of secondary mortgage markets based on concerted collaboration between "SHELTER AFRIQUE" and its shareholders.

Construction and building materials industries and distribution

49. It is now generally accepted and understood that the capacity of the construction industry determines to a large extent the achievement of national development goals. So far the construction industry, in the eyes of many planners, stood for the capacity to execute large construction projects and infrastructures. However, the role of small scale construction industry and the informal construction sector has been receiving more attention particularly for tackling human settlements programmes for the lower income group and the maintenance of local infrastructure.

50. The United Nations Conference on Human Settlements, recommended national action:

"(a) The development of an indigenous construction industry is still an untapped resource in many nations where genuinely local firms, small or large, are often in need of assistance.

(b) The special importance of the construction industry should be recognized by every nation and the industry should be given the political, financial and technical support it requires to attain the national objectives and the production targets required for human settlements" 1/.

It is noted that the construction industry in many African countries are unable to cope with the requirements of their development plans. This situation stems mainly from the widespread adoption of imported designs and technologies, often unadapted, that are quite inappropriate to local conditions, indigenous social and economic content as well as to the availability of local resources. This situation results in an increase of dependence on imported plant, material equipment, as well as on foriegn professionals, contractors managers, technicians skilled labour, which in turn inhibits the development of local resources. There is no doubt that alternative designs and a new attitude to construction of shelter should be envisaged to take account of the kind of materials that are locally available and they should be closely geared to the skills available to carry out shelter programmes. Given the urgency of the situation, training programmes for local labour should be accelerated and as far as possible they should be linked with on-site training.

51. The degree of control on design, imported technology as well as the level of participation suggest that the role of the public sector is likely to be greater in the future than it has been in the past. The role of government intervention is likely to take different forms according to the political and economic policies of member States but the fact remains that governments will be called upon to stimulate efforts in mobilizing resources, rationalize production and distribution of building materials and streamline management in the public and private sectors.

52. In view of the urgency attached to the execution of the shelter programme and physical development plans this sector of industry will be under considerable pressure, accordingly its capacity to meet this demand must be planned well in advance. This strategy of planned demand over a relatively long period will require government intervention and assurances. As such construction industries should be promoted as a leading economic sector, given the linkages of this sector it generates economic growth and expands employment opportunities for semi-skilled and unskilled workers, in this, special attention should be given to off-season rural works programmes and urban shelter programmes to absorb the underemployed and unemployed.

1/ Report of Habitat: United Nations Conference on Human Settlements, Vancouver, 31 May - 11 June 1976.

53. It is clearly a capacity which will arise naturally out of "SHELTER-AFRIQUE" relationships with ADB, regional and non-regional development organizations and financing institutions to devise formulae for joint action on and co-financing of housing components of major projects. This could lead in due course to some improvement in the standard of housing in rural areas. Similarly, "SHELTER-AFRIQUE" could promote joint ventures in improving the capacity of the construction sector and specific projects for the production of local building materials.

54. The obstacle to effective realisation of the potential of the construction sector results from a lack of programmed investment in construction. Experience and studies in many countries have shown that investment in construction actively has substantial "multiplier" effects, increasing output, income and employment throughout the rest of the economy through upstream linkages. "The multiplier" effects of this sector is estimated at about 2 to 2.4 depending on the provenance of building materials and construction techniques.

55. A study of the effects of investment in Colombia has found that investment in housing construction of 500,000 US$ would generate an addtional 500,000 US$ of income in the rest of the economy. The study also found that housing construction generates more employment than manufacturing, per dollar of investment 2/. Similarly, a study of the effects of investment in 31 different economic sectors on the income of residents in low-income neighbourhood of Lima, Peru, found that the construction sector as a whole ranked tenth per dollar of investment 3/. It is likely that self-help and other methods of construction low-income housing would rank even higher if they were analyzed separately. Studies have also shown in their categorial analyses of employment that the building construction industry has a higher propensity to employing the unskilled and semi-skilled than other industries.

Informal building construction sector

56. The pivotal role of the informal construction sector in the implementation of housing programmes has received more attention of late than ever before. However, it is generally agreed that in its present form it can hardly be expected to perform more than a perfunctory role in the major national housing programme. This situation results directly from the deficiency in organizational and legal framework of this sector which in turn affects its credibility vis-à-vis official and financial institutions.

2/ National Department of Planning (quantitative aspects of the development plan) Bagota, Columbia, n.d.

3/ R. A. Lewis, "Employment, income and the growth of the Barricades in Lima, Peru" Cornell University Dissertation Series No. 46, 1973.

57. It has been suggested that some measure of restructuring this sector of the construction industry is urgently called for. However, the integration of the informal sector in the mainsteam of the official construction industry could not be envisaged unless the potential of this sector, which offers an inexpensive and a flexible approach to project implementation, is to be sacrificed. It is often argued, that, for this sector to remain effective it should not be overly interfered with since cumbersome administration with correspondingly high overheads in running the enterprises may well undermine its mainstay which is based on entrepreneurial initiatives. Nonetheless, it is generally accepted that this sector should be better equipped to take advantage of its competittive edge thereby realising its full contribution in the implementation of national development plans and particularly shelter programme.

58. This would suggest that the solution lies in providing this sector with sufficient administrative and financial capability while limiting official interference to a minimum. In the event, it has been suggested that some form of builders' association may well produce the framework within which a balance can be struck between encouraging individual entrepreneurship and protecting the national interest by ensuring the effectiveness of this sector, such an association could be established under legislative measures and operate within guidelines set out by a tripartite agreement between the informal sector of construction, the local authorities concerned and central government. In the event, governments may call on the extensive research and experience of international and regional organizations for rationalization of this field of activity. Again, "SHELTER-AFRIQUE" with its privileged relationships with these organizations and its function as a funding institution could promote jointly the establishment of an efficacious informal construction sector.

Co-operative and aided self-help housing

59. It would be helpful to note that fundamental to both concepts of self-help and co-operative housing is the search to involve people in the housing programme. Although self-help need not necessarily mean co-operative, self-help could take place quite independently. However, it is quite evident that in the case of international finance self-help should be organized within the ambit of co-operative in order to present coherent schemes susceptible of being financed, managed and implemented within the framework of a nationwide organization such as municipalities. specialized agencies or housing co-operative organization.

60. In many instances, the efficacy of self-help has been exaggerated to the extent that it has been used as a palliatif to housing problems, having the poor to help themselves without the necessary assistance which would give them the means to do so. It is necessary to create economic, social, political and organization structures that would provide the incentives to mobilize people in group activity. The key to sound implementation to shelter programmes rests on the concept that government must help the people to help themselves. Indeed, adepts at self-help increasingly refer to the added dimension of "aided" self-help.

61. Co-operative housing enjoys the added advantage of organized participation in the realization of the basic need of people. In housing projects for the low income target group this is particularly important since the major responsibility for shelter construction and community improvement rest with the residents. In the event, people in the community could be sensitized to economic, social and particularly civic responsibilities. It is noted that "SHELTER-AFRIQUE" in the tradition of ADB would also extend credit lines to member States development of financing institutions of proven sound administration. A high priority is also accorded to loans for projects based on self-help.

Savings

62. The large source of savings represented by individuals, households, local communities in many African countries remains untapped. The public sector can play an important role in providing incentives necessary to attract additional resources for housing finance. In most countries the most realistic source of funds is private savings. In the absence of an organized capital market it is difficult to stimulate capital investment other than through compulsory investment programmes. In countries with very low per capita income, the capacity for savings is limited. However, a number of studies have shown that even low income households have the potential for savings if the incentives is there.

63. Another approach to providing mortgage credit tied to savings has been instituted in some African countries which is a system of credit unions and housing and credit co-operatives on both formal and informal levels. In the formal sector this type of institution can be effective in relatively self-contained geographic areas, in areas where there is a communality of interest in employment, socio-economic grouping such as in villages, tribes and government employees or through the extension of an agricultural co-operative to the provision of housing finance in rural areas, and through the government and major employers.

64. Experience has shown that, for a variety of reasons, taxation of individuals and corporations may impair economic development and growth. An alternative to direct taxation to raise housing capital is a system of compulsory savings, usually levied on corporation. Similarly builders and contractors are required to purchase specified amount of housing bonds in order to qualify for governmentcontracts. These measures tend to reduce the amount of capital companies invest in expansion and the cost, as to be expected, is generally passed on to the consumers.

65. Among major economic constraints on saving perhaps the most are archaic land tenure systems and inflation which reduces the attractiveness of saving, specially when unrealistically low interest rate are practiced. Savings interest rates must be rationalized in line with inflationary trends if savings mobilization is to be effective. Household savings should be designed to divert savings held in the form of currency and to assist institutional savings through saving programmes which offer rates of interest competitive with alternative investments.

66. Many studies suggest that an alternative approach to generating housing funds and providing a mechanisms for mortgage lending is the savings for housing, or contract housing scheme. Generally, contract savings schemes require that a saver accumulate a specific sum of money in a savings deposit in a lending institution in return for the promise by the lender to lend a stated multiple of the sum accumulated. Other forms of contract savings system require that a savings account have been maintained for a set number of years before it matures. However, some countries have experienced difficulties with this system because the supply of housing had not kept pace with the number of savers who qualify for a mortgage loan, the incentive aspects of the contract savings scheme can be seriously impaired. Another problem arises through the rapid escalation of housing costs which may result in a shortfall in the amount of funds required for downpayment.

Subsidies

67. Subsidies for housing the poor can extend over a wide range of grants in kind and in financial terms. It is often argued that subsidies have debilitating effects on beneficiaries which in turn could have a perversive impact on society as a whole. Indeed, it is not an easy task to identify those who really belong to the target group of deserving poor, and much less in drawing up priorities. Nonetheless, experience has shown that for low cost housing to be successful some elements of subsidy are inevitable. This is evident when the spiraling cost of construction and land is compared to the lowest end of income distribution of households. It is contended, that in many ways the most suitable form of subsidy consists in developing human capital and local resources. The former could be achieved through appropriate training both technical and civic while the development of land and local building materials have lasting effects on the national economy in terms of both dynamism and capital formation. Besides, land offered on household with a token rent could be envisaged as colateral for international funding of projects. Similarly, initial investment for the provision of essential infrastructures could be raised while controls for cost recovery system should be introduced and strengthened through group or municipal responsibility.

68. In African countries, the public sector accounts for a substantial proportion of all housing resources. In countries at the early or intermediate stages of development, the public sector's role is that of direct intervention. This intervention may take the form of the construction and management of government housing projects, the provision of all or most of the housing finance resources through government-owned and operated mortgage lenders, or direct or indirect government subsidy of land cost, rents, construction materials etc. Ideally, all costs would be recovered. In many cases it may be necessary, or desirable, for the government to finance project costs, including the cost of land and infrastructure. However, government financing should not reduce the requirement that the project be cost effective. Creative cost-accounting is needed as well, pro-rating the charges for major utility networks over the life of the project so that initial residents are not forced to pay disproportionate shares of infrastructure cost.

69. Many governments provide funds from the national treasury through intending central bank credit to institutions to facilitate the purchase and construction of housing. When central bank credit is used as a primary source of financing domestic investment, unplanned and uncontrolled increases in the money supply occur in all but the most carefully managed economies. Increases in the money supply beyond the normal demands for money balances tend to create a demand inflation, resulting in a general taxation through the mechanism of inflation with a highly specific subsidy going to recepients of government-sponsored housing units.

70. In many countries the financial system is at a stage of development where a secondary mortgage market is feasible. A secondary mortgage market can increase the resources available for housing and improve the efficiency of housing resource allocation. Capital which would not normally be available for housing finance could be attracted by secondary market instruments offering yields competititve with those available in world capital market. "SHELTER-AFRIQUE" would normally have the capacity arising from its relationship with other national and regional financial institution to promote a secondary mortgage market.

Conclusion

71. There seems to be ever-growing concern for the lack of success in governments of member States programmes. The international community has, therefore, an important role to play in mobilizing capital and in formulating comprehensive management organizational plans for the implementation of human settlements.

72. Exchange of experiences among developing countries on a global level should be encouraged through visits and participation to actual shelter projects where representatives of member States could learn at first hand about the successes and mistakes of other countries in this field. There is no doubt that given the dimension of this problem in Africa and the state of the art in many countries it could easily be assumed that the time for studies and experiments is over. It is evident that at this stage more application in the field is needed.

73. At this juncture, it is proposed that initially projects financed by "SHELTER-AFRIQUE" could be devised as pilot studies with a potential widespread application. Such projects could be carried out in candidate member States which could help in the development of methodologies and technical expertise in the management and implementation of shelter programmes. In addition to their demonstration effects it is conceivable that representatives from other interested member States could participate in these pilot projects.